

SEVENTEENTH ANNUAL FINANCIAL STATEMENT
COOPERATIVE FEDEREE
DE QUEBEC

Established in: 1922

Reorganized in: 1930



ADDRESS BY THE PRESIDENT

ASSETS AND LIABILITIES

PROFIT AND LOSS ACCOUNT

REMARKS BY THE GENERAL MANAGER



*General Annual Meeting of the Shareholders held at the
Queen's Hotel, Montreal, 2nd and 3rd February, 1939.*

Board of Directors

J. N. BÉRARD, <i>President</i>	- - - -	St-Nazaire d'Acton (<i>Bagot</i>)
LÉON BEAUDRY, <i>Vice-President</i>	- -	Neuville (<i>Portneuf</i>)
OMER MILOT	- - - - -	Yamachiche (<i>St-Maurice</i>)
J. F. PRUD'HOMME	- - - - -	Ste-Philomène (<i>Châteauguay</i>)
PHIL. FERLAND	- - - - -	Normandin (<i>Lac St-Jean</i>)
RÉV. S. PELLETIER	- - - - -	L'Assomption (<i>L'Assomption</i>)
AUGUSTE BEAULIEU	- - - - -	Ste-Angèle (<i>Matane</i>)
PHILÉAS BUREAU	- - - - -	Compton (<i>Compton</i>)
GEO. LALUMIÈRE	- - - - -	St-Bruno (<i>Chambly</i>)
ABEL MARION	- - - - -	Montreal
ALBERT LAFRAMBOISE	- - - - -	Ste-Scholastique (<i>Deux-Montagnes</i>)
HERCULE RIENDEAU	- - - - -	St-Rémi (<i>Napierville</i>)
ARTHUR HARDY	- - - - -	St-Basile (<i>Portneuf</i>)
ANTOINE RIVERIN	- - - - -	Rang St-Paul (<i>Chicoutimi</i>)
S. AUDETTE	- - - - -	Landrienne (<i>Abitibi</i>)
ALDÉRIC LALONDE	- - - - -	Rigaud (<i>Vaudreuil</i>)
P. LAROCHE	- - - - -	St-Camille (<i>Wolfe</i>)
ALCIDE ROUSSEAU	- - - - -	La Baie (<i>Yamaska</i>)
HENRI C. BOIS, <i>Secretary</i>	- - - -	Montreal



Executive Committee

J. F. DESMARAIS, *President and General Manager*

HENRI C. BOIS, *Secretary*

J. N. BÉRARD

REVD. S. PELLETIER

J. F. PRUD'HOMME

OMER MILOT

Address of the President, Mr. J. N. Bérard

Gentlemen:—

As Chairman of the COOPERATIVE FEDEREE DE QUEBEC, I have great pleasure to wish all its shareholders, and the delegates of its affiliated societies, a hearty welcome to our Seventeenth Annual Meeting.

We need, particularly, this year, the opinion and suggestion of all our members and the questions which will be submitted to you require your best attention.

The progress of the co-operative movement, in our Province, depends in a large measure upon the solution of the questions brought forward. This progress is desired by everyone, and particularly so, by the co-operators who, for the past few years, have endeavoured to maintain and develop our Society. The co-operative movement, however, can only advance if there exists an atmosphere of peace, order and justice; because co-operation signifies unity, goodwill and the respect of each other's rights.

I am proud to say that the affairs of the Society have increased during the year 1938. The total business transacted amounted to \$11,731,442.51, which is an increase of a quarter of a million dollars over that of last year; our General Manager will give you more detailed explanations, on these figures, and you will see that this increase represents a decided advancement.

I must congratulate and thank those who have contributed to attain these results, my colleagues of the Board of Directors, the heads of the departments, and all the employees of our Society.

During the year 1938, twenty-nine of the sixty-one new societies organized have affiliated themselves with the Coopérative Fédérée. This fact proves that our farming community takes a great interest in the co-operative movement, and that more and more it desires to handle its own affairs. This evolution certainly pleases both the farmers and our own organization. On this point, we would wish that all the officers, and members of local societies realize the importance of a central society, entirely devoted to the interests of the agricultural class, and consequently affiliate themselves with this central organization. It is only through the grouping of our efforts that the local societies will achieve success and give to the farming community the needed safeguard. I see in this progress the best guarantee for the welfare of agriculture, in this Province.

It is because we have sought primarily, the general welfare and the advancement of agriculture, that we thought proper to negotiate with L'Union Professionnelle des Cultivateurs, an agreement on questions of interest, acceptable to both parties. During the course of the day, we will have the opportunity to return to this subject and my only wish is that members of both parties will express their willingness, to assure the union of all those of good faith. As was stated in "La Terre de Chez Nous", issue of January 25, 1939, by our Chief of the Propaganda Service; I quote:— "Under the sign of co-operation, L'Union Catholique des Cultivateurs and the Coopérative Fédérée are but one, without having abandoned their personality, their means of action, nor their ideals; and it is because this ideal is the same that the union has been sought and was made."

Let us hope that everyone will try to understand each other, and for the welfare of our farmers they place co-operation above the questions, which unfortunately divide them.

I, therefore, ask all those present to bring to the deliberations of our Meeting, calm and attentive spirit.

As I stated before, we need to know your opinion and we shall be pleased to take it under consideration when you feel it opportune to voice it. The delegates of the affiliated co-operative societies and co-operative syndicates, and the individual shareholders of the Coopérative Fédérée are at home here, and any questions they may wish to ask with reference to the affairs of our Society will receive our best attention and we shall endeavour to answer them to the best of our knowledge.

CONSOLIDATED
COOPERATIVE FE

as at 31st D

ASSETS

CURRENT:—

Cash and Bank	\$ 68,270.94	
Accounts receivable (see reserve)	1,236,181.15	
Merchandise Inventory	803,611.53	2,108,063.62

MORTGAGES, DEPOSITS		141,696.52
---------------------------	--	------------

FIXED ASSETS:—

Equipment, machinery, tools	309,087.30	
Real Estate	506,196.75	815,284.05

DEFERRED EXPENSES:—

Insurance	741.47	
Heating	1,984.78	
Sundries	867.93	
Supplies	5,965.93	
Packing Material	1,709.41	
Stationery	11,123.19	
Taxes	2,994.40	
Stamps	712.19	26,099.30

COST OF ISSUING BONDS —

Redeemable		17,659.14
------------------	--	-----------

GOODWILL		36,624.57
----------------	--	-----------

3,145,427.20

BALANCE SHEET

CITY OF QUEBEC

December 1938

LIABILITIES

ACCOUNTS PAYABLE		119,062.78
LOANS:—		
Banque Canadienne Nationale	1,032,638.67	
Co-operative Wholesale Society, Ltd....	681,333.33	
The Clydesdale Bank	68,133.33	
Sundries	58,150.00	1,840,255.33
ACCRUED INTEREST on bonds and loans.....		13,527.17
MORTGAGE on Real Estate		1,000.00
BONDS:—		
Issued	350,000.00	
Less: paid at maturity	70,000.00	
Redeemed	280,000.00	213,900.00
		2,187,745.28
RESERVES:—		
Depreciation on equipment	162,514.84	
Depreciation on Real Estate	203,644.95	
For accounts receivable	69,911.95	
On contingencies	13,783.34	449,855.08
CAPITAL STOCK:—		
Common	53,782.90	
Preferred	198,800.00	252,582.90
SURPLUS		255,243.94
		<u><u>\$3,145,427.20</u></u>

OPERATION **PROFIT AND LOSS ACCOUNT**

MERCHANDISE ACCOUNT:

Sales		\$11,731,442.51
Cost of merchandise sold:		
Inventory, 31st December 1937	\$ 1,093,233.20	
Purchases	10,709,250.84	
	<u>11,802,484.04</u>	
Inventory, 31st December 1938	803,611.53	10,998,872.51
		<u>732,570.00</u>

Deduct:

Direct charges:

Insurance	7,789.57	
Freight, trucking and weighing	46,788.47	
Sundries	14,500.70	
Wrappers	18,479.13	
Storage	6,688.41	
Power	27,414.97	
Wages	<u>178,827.81</u>	300,489.06
		<u>432,080.94</u>

GROSS PROFIT

Add:

Other revenues		2,380.50
		<u>434,461.44</u>

Deduct:

Administration charges:

Insurance on equipment and real estate	13,008.60	
Heating, lighting	6,339.54	
Travelling expenses	9,785.00	
Sundries	11,106.25	
Subscriptions	293.70	
Maintenance of equipment	15,824.13	
Maintenance of real estate	9,330.75	
Legal charges	502.56	
Rents	19,370.46	
Stationery	11,660.39	
Loss on accounts	9,488.17	
Loss on real estate	851.57	
Advertizing	3,379.19	
Salaries	125,869.72	
Taxes and licenses	9,615.55	
Telephones, telegrams	11,325.38	
Postal and excise stamps	<u>11,519.42</u>	269,270.38
		<u>165,191.06</u>

Interest:

On bonds	12,085.34	
On loans	37,510.87	
	<u>49,596.21</u>	
Cost of issuing bonds — redeemable	1,771.00	51,367.21
		<u>113,823.85</u>

PROFIT BEFORE DEPRECIATIONS

Depreciations:

On equipment	15,883.68	
On real estate	<u>8,400.00</u>	24,283.68
		<u>89,540.17</u>

BALANCE TO SURPLUS ACCOUNT

SURPLUS ACCOUNT

BALANCE, 31st December 1937.....		204,157.52
<i>Deduct:</i>		
Dividends 1937 on common stock	11,559.60	
Dividends (patronage) to affiliated societies	<u>26,894.15</u>	<u>38,453.75</u>
		165,703.77
<i>Add:</i>		
Net profits on operations in 1938		<u>89,540.17</u>
BALANCE at 31st December 1938.....		<u><u>255,243.94</u></u>



COMPARISON OF SALES

Sales	1933	\$4,600,000.00
"	1934	5,450,000.00
"	1935	7,300,000.00
"	1936	9,500,000.00
"	1937	11,500,000.00
"	1938	11,700,000.00



Address by the General Manager, Mr. J. F. Desmarais

Mr. Chairman,
Gentlemen:—

I have the honour to submit to your kind attention the Annual Financial Report of the Coopérative Fédérée, as compiled by our auditors, as at December 31st, 1938: (See pages 4, 5, 6 and 7).

At yesterday's meeting your Board of Directors decided to pay the regular dividend on the preferred shares.

It was also decided to grant to the affiliated co-operative Societies and Syndicates the following patronage dividends:

Butter	1/8c per pound
Cheese	1/16c per pound
Balanced rations	12c per bag
Fertilizers	5%
Insecticides, tile drains, roofing, fencing, packing materials, binder twine	5%

In order to increase the number of our affiliated organizations and, at the same time, do all that is humanly possible to remit to the independent societies a share of the profits which the Fédération has made in dealing with them, your Board of Directors offers to the independent co-operative societies or syndicates to place to their credit 50% of the patronage dividends which they might be entitled to receive if, on or before April 30, 1939, they are desirous of joining the Fédération in accordance with the provisions of the Act constituting the Coopérative Fédération.

Our turnover for 1938 has reached the gross amount of \$11,731,442.51 as compared to \$11,488,119.87 for 1937; showing therefore an increase of \$253,322.64; this in spite of a considerable drop in the prices of feed grains and also on account of a heavy contraction in the volume of our receipts and sales of seeds.

The perusal of the Financial Report will show you that our gross profits amount to \$733,594.93, that is 6.26% of our total volume of business. The direct charges amount to \$300,132.33, that is 2.56%; administration charges \$320,113.01, or 2.72%, leaving a surplus of \$113,349.59, or 0.97%.

After having provided for the necessary reserves to cover Depreciation on Buildings, Equipment, Bad Debts, etc., we have registered a net profit of \$89,540.17 or 0.75 $\frac{1}{13}$ % of the annual turnover.

The Dairy Product Department shows an increase of 48,830 boxes of butter, or 31%; an increase of 37,802 boxes of cheese, or 30%; fertilizers, an increase of 1,600 tons or 10%; balanced rations, an increase of 285,000 bags or 21%; bulk feed grains register a decrease of 700,300 bushels or 46%. This is due to the fact that in 1937 sales were made abroad; we sold about 600,000 bushels of corn in the United States and in Newfoundland. However, these sales were not repeated in 1938. Fodder plant seeds show a decrease of 84,367 bushels, or 52%. This is due to a poor crop in seed oats in 1937, and also owing to a change in the policy of the Department of Agriculture who, contrary to what was done in the past, purchased but very little from our organization in connection with this variety of seed for distribution to the settlers and the needy.

The turnover of the Canadian Live-Stock Co-operative has reached the figure of \$1,877,511.14, as compared to \$2,014,745.45 in 1937. There is, apparently, a decrease of \$137,334.31, which may be explained by the fact that the operations of 1937 were extended over a period of 12 months whereas in 1938 our volume of business represented the transactions carried out during a period of 11 months only.

As stated by the Chairman, twenty-nine new co-operative societies joined our organization in the course of 1938. One hundred and eighty societies are now affiliated with the Fédération.

Now, gentlemen, you are undoubtedly desirous to obtain more information regarding the above, and you are invited to ask as many questions as you may wish and I shall endeavour to answer them to the best of my knowledge.